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BEFORE THE ARIZONA CORPORATION COMMISSION

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Arizona Corporation Commission

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ARIZONA CORPORATION COMMISSION  
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IN THE MATTER OF THE APPLICATION OF  
UTILITY SOURCE, LLC, AN ARIZONA  
CORPORATION, FOR A DETERMINATION  
OF THE FAIR VALUE OF ITS UTILITY  
PLANTS AND PROPERTY AND FOR  
INCREASES IN ITS WATER AND  
WASTEWATER RATES AND CHARGES  
FOR UTILITY SERVICE BASED THEREON.

Docket No. WS-04235A-13-0331

ORIGINAL

NOTICE OF FILING ISSUE MATRIX

The Residential Utility Consumer Office ("RUCO") hereby provides notice of filing an issue matrix, in the above-referenced matter.

RESPECTFULLY SUBMITTED this 13<sup>th</sup> day of November, 2014.

Daniel W. Pozefsky  
Chief Counsel

AN ORIGINAL AND THIRTEEN COPIES  
of the foregoing filed this 13th day  
of November, 2014 with:

Docket Control  
Arizona Corporation Commission  
1200 West Washington  
Phoenix, Arizona 85007

1 COPIES of the foregoing hand delivered/  
mailed this 13<sup>th</sup> day of November, 2014 to:

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**DISPUTED ISSUES BY RUCO, COMPANY, STAFF AND INTERVENOR**

LINE NO.	ISSUE	BRIEF SUMMARY OF RUCO POSITION	BRIEF SUMMARY OF COMPANY POSITION	BRIEF SUMMARY OF STAFF POSITION	BRIEF SUMMARY OF INTERVENOR POSITION
1	Standpipe Service	RUCO recommends if the Company is over earning it be addressed, trued-up, and any excess be refunded to ratepayers in the Company's next rate case. RUCO recommends that the Company file a yearly report by September 30th of each year which shows the revenue generated from the Company's standpipe.	Do nothing, if standpipe sales are greater than 10 percent then Company would consider filing a new rate case.	Staff recommends Company file new rate case in 2016 using 2015 rates. Staff's alternative would impute \$56,520 into the revenue requirement and order the Company to file a new rate case in 2017 using 2016 rates. Under both alternatives it is assumed that Staff will require the Company to file quarterly reports and a yearly report detailing the sales volume and revenue generated from the Standpipe.	Concern, but no recommendation.
2	Shallow Wells # 1, 3, 4 and 5	RUCO recommends that shallow wells be removed from rate base as they are not used and useful. However, the Company has not provided RUCO any costs associated with these shallow wells, and has not been fully responsive to RUCO's data request that asked for these costs.	The Company states these costs were included in the last rate case and therefore should be included in rate base in this case.	Staff's engineer states the wells are not used and useful, but there is no adjustment to remove the shallow wells in Staff's schedules.	Intervenor recommends that shallow wells be removed from rate base as they are not used and useful.
3	Fire Hydrants not in CIAC	RUCO no position.	Company include in Plant-in-service.	Staff no position.	Intervenor transfer \$34,500 in Plant-in-service to CIAC.
4	Water Distribution Pipe not in CIAC	RUCO no position.	Company include in Plant-in-service.	Staff no position.	Intervenor transfer \$73,252 in Plant-in-service to CIAC.
5	Wastewater Distribution Pipe not in CIAC	RUCO no position.	Company include in Plant-in-service.	Staff no position.	Intervenor transfer \$109,206 in Plant-in-service to CIAC.

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6	Rate Case Expense Recovery	RUCO recommends the recovery of rate case expense through a rate case expense recovery surcharge to keep the Company from over-earning.	The Company first proposed recovery over a five year period, but has since changed its position to recovery over a three year period. Allows Company to over-recover its rate case expense if they stay out longer than 3 years.	Staff recommends recovery over three years if the conditions in matrix item number 1 are met. Allows Company to over-recover its rate case expense if they stay out longer than 3 years.	Intervenor no position.
7	Personnel Home Electric Charges of Owner Lonnie Cleave	RUCO recommends eliminating \$12,040 of electricity for the personal home use of Lonnie Cleave.	Company disagrees with RUCO and Intervenor states since the Company doesn't charge rent they are entitled to this money.	Staff no position.	Intervenor recommends eliminating \$12,040 of electricity for the personal home use of Lonnie Cleave.
8	APS Late Fees	RUCO recommends eliminating \$824 in late fees related to APS bills.	Company does not address.	Staff no position.	Intervenor recommends eliminating \$824 in late fees related to APS bills.
9	APS Late Fees	RUCO recommends removal of \$4,950 related to APS power to well number 4 that the Company has agreed to remove from rate base.	Company does not address.	Staff no position.	Intervenor recommends removal of \$4,950 related to APS power to well number 4 that the Company has agreed to remove from rate base.
10	Additional disallowances for Mary Ann Perry	RUCO no position.	Company does not address.	Staff no position.	Intervenor recommends additional disallowances.
11	COST OF CAPITAL Capital Structure	100 percent Equity.	100 percent Equity.	100 percent Equity.	Intervenor no position.
12	Cost of Common Equity	9.25 Percent.	11.00 Percent.	9.80 Percent.	Intervenor no position.

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13	BMPs	RUCO recommends.	Company doesn't want.	Staff recommends BMPs	Intervenor recommends.
14	Fire Flow	RUCO fix problem.	Company position unclear.	Staff fix problem.	Intervenor fix problem.
15	CC&N and Other Non-Compliance items.	RUCO recommends fix problems.	Company position unclear.	Staff position unclear.	Intervenor fix problems.
16	Water Rate Design	RUCO's rate design provides incentives for customer's to conserve, while Company's does not. Given the magnitude of the rate increase and prior history of Company non-compliance RUCO believes its rate design is appropriate.	Company argues revenue stability with higher charges in monthly minimum.	Staff's rate design provides incentives for customer's to conserve.	Intervenor prefers incentives to conserve water.
17	Wastewater Rate Design	RUCO's rate design provides incentives for customer's to conserve, while Company's does not. Given the magnitude of the rate increase and prior history of Company non-compliance RUCO believes its rate design is appropriate.	Company argues revenue stability by changing current volumetric rate to a volumetric rate and a monthly minimum charge of 70 percent.	Staff's rate design provides <i>no</i> incentive for customer's to conserve. And changes a volumetric rate per 1,000 gallons to a monthly minimum.	Intervenor prefers incentives to conserve wastewater.